



ARKANSAS INSURANCE DEPARTMENT
1200 WEST THIRD STREET
LITTLE ROCK, AR 72201-1904
PHONE (501) 371-2605
<http://www.state.ar.us/insurance>

2003 HMO INSTRUCTIONS
ACCOUNTING DIVISION

PREMIUM TAX FILING INSTRUCTIONS FOR HEALTH MAINTENCE ORGANIZATIONS

DUE DATE: MARCH 1, 2004

FILING REQUIREMENTS: **IN ONE PACKET ENCLOSE**

- ☐ 2003 FORM AID AC HMO-T (ANNUAL REPORT OF PREMIUMS, CO-PAYMENTS, TAXES AND FEES); SUPPORTING DOCUMENTATION AND CHECK ATTACHED
- ☐ 1 COPY OF 2003 UNDERWRITING & INVESTMENT EXHIBIT, PART 1 (PAGE 8)
- ☐ 1 COPY OF ARKANSAS DIRECT BUSINESS PAGE
- ☐ 1 COPY OF SCHEDULE T (**MUST** REPORTED IN DIRECT WRITTEN PREMIUMS)

MAILING ADDRESS FOR PREMIUM TAX FILINGS AND PAYMENTS:

ACCOUNTING DIVISION
ARKANSAS INSURANCE DEPT.
1200 WEST THIRD STREET
LITTLE ROCK, AR 72201-1904

**DO NOT MAIL PREMIUM TAX FORMS AND CHECKS WITH THE
ANNUAL STATEMENT OR ANY OTHER CORRESPONDENCE.**

FOR QUESTIONS CONCERNING THE COMPLETION OF THE TAX FORMS CONTACT:

ACCOUNTING DIVISION
(501) 371-2605
Email: Insurance.Accounting@mail.state.ar.us

PENALTIES: ALL TAX FORMS ARE SUBJECT TO PENALTY IN ACCORDANCE WITH ACA 26-57-607. THE ARKANSAS INSURANCE DEPARTMENT DOES NOT ACCEPT THE POSTMARK DATE FOR FILING REQUIREMENTS. ALL TAX FORMS MUST BE RECEIVED IN OUR DEPARTMENT ON OR BEFORE MARCH 1, 2004. PAYMENTS ARE TO BE ATTACHED TO THE APPROPRIATE FORM

CONSUMER INFORMATION ASSESSMENT FEE: ACA 23-63-108 HAS BEEN REPEALED. THE DEPARTMENT NO LONGER COLLECTS THIS FEE.

2003 MANDATORY
ARKANSAS COMPREHENSIVE
HEALTH INSURANCE POOL

DO NOT INCLUDE THIS FORM WITH YOUR PREMIUM TAX FILINGS. THIS FORM CAN BE DOWNLOADED AT www.state.ar.us/insurance. SCROLL DOWN AND CLICK ON ARKANSAS COMPREHENSIVE HEALTH INSURANCE POOL. IF YOU HAVE ANY QUESTIONS, DIRECT INQUIRIES TO (501) 370-2659. **MAIL TO THE ADDRESS ON THE FORM.**

FOR QUESTIONS REGARDING THE DEPARTMENT OF HEALTH FILING REQUIREMENTS AND FEES, DIRECT INQUIRIES TO (501) 661-2201.
DO NOT INCLUDE ANY OF THE FORMS/FEES FOR THE DEPARTMENT OF HEALTH WITH YOUR PREMIUM TAX FILINGS.

INSTRUCTIONS FOR AID AC HMO-T (Annual Report Of Premiums, Co Payments, Taxes, And Fees)**SECTION A, LINES 3,4: STATE OF DOMICILE TAXES/FEES/CREDITS**

All entries in this section must be itemized with supporting documentation and computations, if applicable. Forms from the State of Domicile may be used for the computations. Documentation such as "other fees" or "other credits" is not acceptable.

SECTION A: Information regarding the Arkansas credits**Arkansas Comprehensive Health Insurance Pool § 23-79-507**

The CHIP administrator will issue a notice of the available credit. Questions regarding the credit should be directed to the CHIP office at (501) 370-2659.

Affordable Neighborhood Housing Tax Credit §§ 15-5-1303 to 15-5-1304

Insurers that perform affordable housing assistance activities may take a premium tax credit for up to 30% of the total amount invested and not to exceed \$750,000 in any taxable year. Program must meet standards of and be approved by Arkansas Development Finance Authority.

Low-Income Housing Tax Credit § 26-51-1702

Insurers are allowed a state income or premium tax credit equal to 20% of the federal low-income housing tax credit not to exceed \$250,000 in any taxable year. The credit is available for insurers that own an interest in a qualified project for which the Arkansas Development Finance Authority has issued an eligibility statement.

County or Regional Industrial Development Corporation on Limited Liability Company § 15-4-1224

Insurers may take a premium tax credit for investments in a county or regional industrial development firm. The credit is equal to 33.33% of the actual purchase price of stock or units of interest and fees paid (with limitations). The maximum credit in one tax year is 50% of the net premium tax liability. Excess may be carried forward for three years.

Capital Development Corporation Tax Credit §§ 15-4-1026, 15-4-1029(f)(1)

Person who purchases an equity interest in a capital development company between 2003 through 2013 is entitled to a credit against any state income tax liability or premium tax liability, which may be imposed on the purchaser for any tax year commencing with the tax year, which is two years after the date of the purchase. The credit shall be equal to thirty-three and one-third (33 1/3) of the actual purchase price paid for the equity interest to the company, including any fees or commissions to underwriters or sales agents paid by the company. No fees or commissions in excess of fifteen percent (15%) of the total purchase price may be considered in calculating the amount of the credit. In any one-tax year, the credit shall not exceed fifty percent (50%) of the net state income tax liability or premium tax liability of the taxpayer after all other credits or reductions in tax have been calculated. No credit under this section is allowed for any tax year after December 31, 2019.

Upon dissolution, if the proceeds from the purchase of the equity interest have not been used for the purposes stated in § 15-4-1016 or for operating expenses, then each person who previously claimed a tax credit with respect to that purchase, the tax imposed for the year the dissolution occurs shall be increased by the tax credit amount associated with the unused purchase proceeds.

SECTION C. COMPANY FINANCIAL REGULATION FEE

Each licensed insurer pays a fee based on the direct premiums and co-payments written in Arkansas during the preceding year. The form AID AC CFRF and fee are due on or before June 30 of each year. The minimum fee is \$500.00 if no business was written in the preceding year. The maximum fee is \$25,000.00. **DO NOT LEAVE THIS LINE BLANK OR ENTER ZERO.** This fee is necessary to determine the aggregate liability of taxes and fees (Section L). The **only** exception is a company admitted to the State of Arkansas during the 2003 calendar year, a fee was not due June 30, 2003.

CALCULATION OF NET PAYMENT DUE, LINE 19:

LIFE AND/OR HEALTH INSURERS AND HEALTH MAINTENANCE ORGANIZATION SALARY OFFSET

§ 26-57-604

Companies licensed to write accident and health insurance may take a credit for noncommissioned salaries and wages of the insurer's Arkansas employees as an offset against the 2.5% tax on accident and health premiums. The offset may not reduce tax due on accident and health premiums by more than 80%. The criteria for the credit are in Schedule IC-PT, (page 3 of AID AC HMO-T annual report of premiums, co payments, taxes, and fees).

REFUNDS:

If a refund is due for AID AC HMO-T (annual report of premiums, co payments, taxes, and fees) check the line on page 1, in the upper right-hand corner.



1200 WEST THIRD STREET
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PHONE: (501) 371-2605
WWW.STATE.AR.US/INSURANCE

ACCOUNTING DIVISION
DUE MARCH 1, 2004

___ ORIGINAL FILING
___ AMENDED FILING
___ REFUND DUE

**ANNUAL REPORT OF PREMIUMS, CO-PAYMENTS, TAXES AND FEES
OF ALL HEALTH MAINTENANCE ORGANIZATIONS**

NAIC COMPANY CODE (5 digit code)		STATE OF DOMICILE
COMPANY NAME		
MAILING ADDRESS		
CONTACT PERSON		
TELEPHONE NUMBER	EXT	FAX NUMBER
EMAIL ADDRESS		

**COLUMN 1
ARKANSAS TAX**

**COLUMN 2
RETALIATORY TAX**
State of Domicile tax on Arkansas Insurer.
TAX RATE _____

A. COMPUTATION OF PREMIUM TAX

2003 Annual Statement, page 8 Underwriting and
Investment Exhibit, Part 1, Column 1, less Federal
Employees Health Benefits plan premiums and HCFA Payment.

1. Direct Written Premiums and Co-payments	\$ _____	\$ _____
2. Tax thereon 2 1/2%	\$ _____	\$ _____
3. Additional Taxes/Fees from State of Domicile	\$(XXXXXXXXXXXXXXXXXX)	\$ _____
4. Available Credits from State of Domicile	\$(XXXXXXXXXXXXXXXXXX)	\$(_____)
5. AR Comprehensive Health Ins. Pool (CHIP) Credit	\$(_____)	\$(_____)
6. Affordable Neighborhood Housing Credit	\$(_____)	\$(_____)
7. Low-Income Housing Tax Credit	\$(_____)	\$(_____)
8. County and Regional Industrial Development Corporation Credit	\$(_____)	\$(_____)
9. SUBTOTAL OF PREMIUM TAX DUE (2+3 less 4 thru 8)	\$ _____	\$ _____
10. Capital Development Corporation Tax Credit	\$(_____)	\$(_____)
11. TOTAL PREMIUM TAX DUE (9-10)	\$ _____	\$ _____

AMOUNT CANNOT BE LESS THAN ZERO

B. FEES: DUE ARKANSAS INSURANCE DEPARTMENT

12. Filing Annual Statement	\$ <u>50.00</u>	\$ _____
13. Certificate of Authority Renewal	\$ <u>100.00</u>	\$ _____
14. Total Fees	\$ <u>150.00</u>	\$ _____

C. COMPANY FINANCIAL REGULATION FEE

15. Enter Fee Paid 6/30/03-2003 AID AC FORM CFRF AMOUNT CANNOT BE ZERO	\$ _____	<u>SEE LINE 3</u>
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D. ARKANSAS DEPARTMENT OF HEALTH FEES

16. DO NOT PAY WITH THIS FORM REMIT TO ARKANSAS DEPT OF HEALTH (501) 666-2201	\$ <u>550.00</u>	<u>SEE LINE 3</u>
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E. AGGREGATE LIABILITY OF TAXES AND FEES

17. For Calendar Year without deduction of prepayments Add lines A(11), B(14), C(15), D(16)	\$ _____	\$ _____
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CALCULATION OF NET PAYMENT DUE:

IF THE AMOUNT ENTERED IN SECTION E, COLUMN 1 LINE 17 IS GREATER THAN THE AMOUNT IN SECTION E, COLUMN 2, LINE 17 THEN COMPLETE SUBSECTION 1, LINES 18-24 ONLY. (NOT LINES 25-29)

SUBSECTION 1

18. Premium Tax from Section A(11), Column 1	\$ _____
19. Less Premium Tax Credit for Arkansas Salaries (Schedule ICPT) NOT TO EXCEED 80% of Section A(2)	\$ (_____)
20. Total of all Premium Taxes Due (line 18-19)	\$ _____
21. Fees from Section B(14), Column 1	\$ <u>150.00</u>
22. Subtotal of Premium Taxes and Fees Due (add lines 20 + 21)	\$ _____
23. Less 2003 Quarterly prepayments (2003 Form AID AC EST-Q)	\$ (_____)
24. NET PAYMENT DUE (lines 22-23)	\$ _____

IF THE AMOUNT ENTERED IN SECTION E, COLUMN 2 LINE 17 IS GREATER THAN THE AMOUNT IN SECTION E, COLUMN 1, LINE 17 THEN COMPLETE SUBSECTION 2, LINES 25-29 ONLY. (NOT LINES 18-24)

SUBSECTION 2

25. Premium Tax from Section A(11), Column 2	\$ _____
26. Fees from Section B(14), Column 2	\$ _____
27. Subtotal of Premium Taxes and Fees Due (lines 25 + 26)	\$ _____
28. Less 2003 quarterly prepayments (Form AID AC EST-Q)	\$ (_____)
29. NET PAYMENT DUE (lines 27-28)	\$ _____

2003 Quarterly Prepayments

3/31/03	check #	\$
6/30/03	check #	\$
9/30/03	check #	\$

*****PAYMENTS AND REFUNDS*****

- 1. MAKE CHECK PAYABLE TO THE STATE TREASURER OF THE STATE OF ARKANSAS AND ATTACH TO THIS FORM.**
CHECKS FOR GROUPS ARE NOT ACCEPTABLE. PAYMENT MUST BE MADE FOR EACH INDIVIDUAL COMPANY.
- 2. DO NOT TAKE ANY CREDITS FOR PRIOR YEAR OVERPAYMENTS.**
- 3. IF THE NET PAYMENT RESULTS IN A REFUND, DO NOT SEND A PAYMENT FOR THE FEES .**
- 4. REFUNDS WILL BE SENT AFTER THE RETURN IS AUDITED.**

SCHEDULE IC-PT**LIFE AND /OR ACCIDENT AND HEALTH INSURERS AND HEALTH MAINTENANCE
ORGANIZATION SALARY ANNUAL OFFSET**

Each authorized life or accident and health insurer, including an HMO, may take an annual credit for non-commissioned salaries and wages of the insurer's Arkansas employees as an offset against the 2.5% direct written tax on life and or accident and health insurance. The offset may not reduce tax due on accident & health premiums by more than 80%: or due on life premiums by more than 70%. The employee must be a non-commissioned hire and have been employed 6 months in Arkansas for the wages to qualify.

The Company reports as follows:

1. Number of non-commissioned Arkansas employees employed for a minimum of six (6) months as of the last day of the calendar year to which this report applies: _____
2. Amount of non-commissioned salaries and wages paid to individuals listed in item 1 above:
_____.
3. Complete addresses of Company's Arkansas offices, which are staffed with individuals listed in Item 1.
 - a.
 - b.
 - c.

Attach additional sheets if necessary.

ATTACH THE FOLLOWING:

- () ARKANSAS UNDERWRITING & INVESTMENT EXHIBIT, PART 1, (PAGE 8)
- () SCHEDULE T
- () SUPPORTING DOCUMENTATION FOR SECTION A(3) (4)
- () ONE CHECK FOR THE NET PAYMENT DUE

AFFIDAVIT

State of _____ County of _____

Comes _____ and states on oath that he/she is the

_____ of _____

(Title)

(Name of Company)

and that the foregoing statements are true and correct as shown by the records of said Company.

(ORIGINAL SIGNATURE OF OFFICER)

Subscribed and sworn to or affirmed before me, the undersigned Notary Public, on this the _____ day of _____, 20____

NOTARY PUBLIC

My Commission Expires _____